



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

July 25, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **DHS PARTICIPATION IN MEDICARE MODERNIZATION
ACT (MMA) SECTION 1011 PROGRAM**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Director

On January 19, 2006, I submitted the Department's first status report on our progress to enroll and participate in the MMA Section 1011 program, which provides partial federal reimbursement for emergency services to undocumented immigrants. This is the eighth in a series of periodic reports to inform your Board of our participation in this program.

On May 28, 2007 the Department received approximately \$2.09 million in reimbursement for Section 1011 program services provided during the Fourth Quarter Federal Fiscal Year (FFY) 2006. This is a decrease of approximately \$1.10 million from the \$3.19 million received for services provided during the Third Quarter FFY 2006. Total Section 1011 reimbursement for the five participating quarters is \$13,184,410. Please see the attached Section 1011 billing and reimbursement schedule for more information.

The decrease in Fourth Quarter FFY 2006 revenue is attributable to (1) an increase in the Department's efforts to convert eligible Section 1011 patients to Medi-Cal coverage (reducing Section 1011 billable days), and (2) a decrease in the number of ICU paid days. The CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer) has indicated in their payment determinations that all or most Section 1011 patients can be stabilized with just one day of medical care and has decided to pay for only the first ICU day in many cases. The Department is utilizing the program's *Dispute Resolution* process to challenge this new practice.

As briefly discussed in previous reports, the Department appealed the ruling imposed by TrailBlazer that prevented the Department from billing for the Third Quarter FFY 2005 claiming period (first available billing quarter for the Section 1011 program). Our appeal was denied and the Department believes it has exhausted all avenues to recover these funds short of initiating legal action.

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While litigation is an option, County Counsel and outside legal counsel concur with the Department that such a course would not be in the County's best interest given the number of issues the Department is currently facing with CMS and the costs of litigating such a large federal agency. Accordingly, it is the Department's position that it should no longer pursue this appeal.

The Department is also continuing its work with County Counsel and outside legal counsel to determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement and whether the County can accept both Medi-Cal Redesign and MMA Section 1011 payments.

The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

BAC:lg (1FORDMMA SEC 1011)BOARD STATUS REPORTS/FINAL REPORTS/STATUS REPORT NO. 8 (07-20-07)
610:001

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
MMA SECTION 1011 BILLING AND REIMBURSEMENT SUMMARY
Fourth Quarter FFY 2005 – Fourth Quarter FFY 2006
(Dates of Service July 1, 2005 through September 30, 2006)**

Federal Fiscal Year (Quarter)	Dates of Service	Total Claims Submitted	Total Gross Charges (Billed)	Total Billed Days	Average Reimbursement/Claim	Payment Date	Total Reimbursement¹
Fourth Quarter FFY 2005	July 1, 2005 to September 30, 2005	903	\$12,412,965	932	\$2,619	May 29, 2006	\$2,364,836 ²
First Quarter FFY 2006	October 1, 2005 to December 30, 2005	1,417	\$15,225,675	1,137	\$1,705	August 28, 2006	\$2,416,185 ²
Second Quarter FFY 2006	January 1, 2006 to March 31, 2006	1,048	\$11,930,683	1,714	\$2,974	November 27, 2006	\$3,117,348 ²
Third Quarter FFY 2006	April 1, 2006 to June 30, 2006	910	\$12,858,944	1,780	\$3,507	February 26, 2007	\$3,191,822 ²
Fourth Quarter FFY 2006	July 1, 2006 to September 30, 2006	835	\$ 9,738,071	1,443	\$2,508	May 28, 2007	\$2,094,219
Total-to-Date		5,113	\$62,166,338	7,006	\$2,579³		\$13,184,410⁴

1. Reimbursement is based on a combined Medicare Cost Report-TrailBlazer methodology that has provided an average reimbursement rate to date of 21.2%
2. Paid claims are subject to eligibility compliance and medical review that can result in repayment of a paid claim denied by TrailBlazer as part of its compliance and medical review final determination process
3. Average reimbursement per claim reflects quarterly variances in average length-of-stay per claim (Note: A sample of Statewide Section 1011 provider payments per claim averaged \$1,601)
4. If it is determined that provisions of the proposed State Medi-Cal Redesign (or other reform proposals) preclude claiming for Section 1011 services the Department will make arrangements to return some or all of the Section 1011 payments received